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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Applications of WorldCom, Inc. and MCI	)	
Communications Corporation for Transfer	)	CC Docket No. 97-211
of Control of MCI Communications	)	
Corporation to WorldCom	)	

REPLY COMMENTS OF MCI CONCERNING DIVESTITURE OF ITS INTERNET BUSINESS

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SUMMARY

In an *ex parte* filed on June 3, 1998, MCI Communications Corporation ("MCI") described a divestiture of its Internet backbone business to Cable & Wireless plc ("C&W") that squarely addressed the Internet-related objections that had been made to its merger with WorldCom, Inc. ("WorldCom"). After further discussions with the U.S. Department of Justice ("DOJ") and the European Commission ("EC"), MCI has entered into a new agreement with C&W for an even more extensive divestiture that would include not only MCI's Internet backbone assets and business but also its retail Internet and certain other businesses, including web-hosting. This divestiture will be completed before WorldCom and MCI close their merger, so the merger will not cause any change in WorldCom's current share or position in any Internet-related market. Because the merger will not change WorldCom's position in Internet-related markets, it is obvious that, as a matter of merger review, all Internet issues disappear.

After considering proposals by several potential purchasers, MCI decided to enter into a new agreement with C&W. Like the initial transaction, this transaction will enable C&W, a global carrier with substantial world-wide Internet expertise, to expand its Internet business in the United States and around the world.

The terms of the divestiture are simple and straightforward.

First, MCI will transfer all of the physical assets that comprise its Internet backbone: 22 nodes (or hubs); over 15,000 interconnection ports; and all the routers, switches, and other equipment dedicated to the backbone. MCI will also provide: (1) the

right to use the transmission capacity that C&W needs to operate the network, including projected growth requirements; (2) the right to use all associated dedicated software and operations support systems; (3) assignment of all Internet addresses used in the transferred business; and (4) collocation rights that permit C&W to maintain equipment in MCI facilities. MCI will transfer to C&W all engineering, sales, customer service/telemarketing, and managerial, financial, and administrative employees necessary to operate the business, alone or in combination with the personnel in C&W's existing Internet organization; MCI has identified all of the positions and will shortly provide C&W with a list of approximately 1,000 employees, and C&W will identify those individual employees that it wishes to be transferred. MCI will lease transmission capacity to C&W on competitive commercial terms for a minimum of two years, with an option for C&W to extend the term for an additional three years. C&W is completely free to use transmission capacity and other services from sources other than MCI, and to use any facilities or equipment in any location to operate its backbone. MCI has agreed to fund incentives to facilitate retention by C&W of the employees that support the Internet business.

Second, MCI will transfer to C&W all of the more than 40 peering agreements to which MCI is a party. Where the agreement requires the peer's consent to an assignment, MCI will encourage the peer to consent. After C&W acquires the Internet business, it will be free to peer with any ISP on whatever terms it chooses. In addition, C&W's current peering agreement with WorldCom will be extended on a long-term basis.

Third, MCI will transfer to C&W MCI's contracts with ISPs, and C&W will replace MCI as the provider of backbone services to more than 1,300 domestic and international ISP customers that now obtain Internet access from MCI. This transaction should be operationally transparent to these ISPs. For international ISP customers, C&W will acquire rights to use not only the domestic portion of the backbone service but also (pursuant to a favorable two-year agreement with MCI) the international circuits and domestic backhaul facilities used to connect foreign ISPs to nodes on the U.S. backbone. The agreement protects C&W from competition by MCI WorldCom by precluding MCI WorldCom from soliciting or contracting with any of the transferred ISP customers to provide dedicated Internet access services for a period of two years, except that MCI WorldCom is permitted to continue to compete for such business of any ISP customer that purchases Internet services from WorldCom as of the closing.

Fourth, MCI will transfer to C&W its contracts with retail customers not only for Internet service, but also for web-hosting, managed firewall, and Real Broadcast Network services. The agreement precludes MCI WorldCom from soliciting or contracting with transferred retail dedicated access customers to provide dedicated Internet access services for a period of eighteen months, or from soliciting web-hosting or firewall business for transferred customers of web-hosting and managed firewall services for a period of six months, unless WorldCom provides these services to the customer as of the closing. Even though no party contended that any relevant market included web-hosting, managed firewall, or other similar services, and even though customers frequently do not buy these services from the same company that supplies their Internet services, MCI agreed to include web-hosting, managed firewall, and Real Broadcast Network services in the business that C&W is acquiring. MCI agreed to allow C&W to use the MCI name for a specified period to identify the transferred backbone and business as "formerly the internetMCI backbone network" and/or "formerly the iMCI business."

Fifth, C&W will pay MCI a purchase price of $1.75 billion in cash at the time of closing. That price is generally consistent with (1) the reported prices paid by purchasers of other Internet providers during the last three years, ranging from two to six times annual revenues, (2) proposals made to MCI by other potential purchasers of the Internet business, and (3) an independent valuation of MCI's Internet business that MCI obtained before agreeing to merge with WorldCom. MCI believes that the purchase price reflects the long-term, strategic value of MCI's Internet business to C&W.

The transaction is subject to only one remaining condition relating to the closing of the MCI WorldCom merger: if that merger does not proceed, MCI is not obligated to move forward with this transaction. FCC approval is not required for this divestiture because Internet services are unregulated and no transfer of any FCC licenses is involved — just as no FCC approval would be required if WorldCom and MCI were only ISPs merging their Internet businesses.

The full divestiture of MCI's entire Internet business should clear the way to speedy approval of the MCI-WorldCom merger. This merger will enable WorldCom and MCI to combine their complementary strengths in local markets and help them to compete more effectively and efficiently against the incumbent local telephone monopolies like GTE that still control over 98% of the local telephone markets. Delay in approving the merger means delay in divestiture of MCI's Internet business, and prolonging customer and employee uncertainty would not further DOJ's and the EC's stated goals for the divestiture. It is strongly in the public interest both for the Commission to approve the merger promptly.

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REPLY COMMENTS OF MCI
CONCERNING DIVESTITURE OF ITS INTERNET BUSINESS

In an *ex parte* filed on June 3, 1998, MCI Communications Corporation ("MCI") described a divestiture of its Internet backbone business to Cable & Wireless plc ("C&W") that squarely addressed the Internet-related objections that had been made to its merger with WorldCom, Inc. ("WorldCom").[1] After further discussions with the U.S. Department of Justice ("DOJ") and the European Commission ("EC"), MCI has entered into a new agreement with C&W for an even more extensive divestiture that would include not only MCI's Internet backbone assets and business but also its retail Internet and certain other businesses, including web-hosting. This divestiture will be completed before WorldCom and MCI close their merger, so the merger will not cause any change

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[1]Divestiture of MCI Internet Backbone Business, attached to letter from Mary L. Brown, MCI, to Magalie Roman Salas, Secretary, FCC, dated June 3, 1998 ("June 3 *Ex Parte*"). On June 4, the Commission, by public notice, sought comment on the June 3 *Ex Parte* from interested parties (which comments are cited in these Reply Comment by the name of the third party), and on June 16, it granted an extension of time for replies until July 15.

in WorldCom's current share or position in any Internet-related market. Because the merger will not change WorldCom's position in Internet-related markets, it is obvious that, as a matter of merger review, all Internet issues disappear.

DOJ, as well as the EC, agree that this divestiture resolves competitive concerns about the merger of WorldCom and MCI.[2] The Commission should move promptly to grant the application so that this procompetitive merger can proceed and consumers can enjoy the benefits of the additional competition that it will bring, especially to local telecommunications markets around the country.

As DOJ's (and the EC's) conclusion confirms, the complete divestiture of MCI's entire Internet business removes any issue that the merger will give WorldCom market power in the provision of Internet backbone services or other Internet services at the wholesale or retail level. The principal objection to the earlier divestiture, which was limited to MCI's Internet backbone business, was that it did not include divestiture of MCI's retail Internet business.[3] Although that criticism was invalid (because these critics never claimed that the merger would give MCI and WorldCom any market power over retail Internet services), the broader divestiture in this new transaction completely moots that criticism because it includes the retail business, including dial-up as well as dedicated access customers. C&W will also acquire MCI's web-hosting, managed firewall,

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[2]The DOJ and EC press releases are attached to this Reply. The EC also found no issues relating to international telecommunications.

[3]AT&T 3; BellSouth 3; CWA 6; ISP/C 2-3; Sprint 7-8.

and Real Broadcast Network businesses. Moreover, by giving C&W the right to transfer up to approximately 1,000 employees, the transaction also eliminates the claim that the transferred MCI employees are not sufficient, even coupled with C&W's existing workforce, to operate the Internet business.

BACKGROUND

As MCI explained in its June 3 *ex parte*, the divestiture of MCI's Internet backbone business to C&W would completely resolve the concerns raised about the merger. In the course of the intense scrutiny that the merger has received over the last eight months, including the parties' discussions with DOJ and the EC, it became apparent that the overriding competitive issue involves the Internet backbone business. The key Internet-related concern expressed by both regulators and private third parties is that consolidation of the MCI and WorldCom backbones could give the merged company power in an alleged "Internet backbone" market consisting of the provision of Internet backbone services to Internet Service Providers ("ISPs"). Third parties opposing the merger went out of their way to emphasize that the merger will not directly reduce competition in the market for retail Internet services.[4]

Although WorldCom and MCI strongly disputed these allegations with respect to the Internet backbone, they concluded that further delay would be unacceptable, and to clear the way for prompt approval, MCI agreed to divest its Internet backbone business.

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[4]June 3 *Ex Parte*, at 2-3.

This earlier proposed divestiture by itself meant that the merged company would have no greater share of the alleged backbone market than WorldCom does premerger and that the merger would not produce any increase in Internet concentration. The sale to C&W was conditioned on the further discussions with DOJ and the EC to make sure that this divestiture would resolve their concerns.

These discussions with DOJ and the EC led to further concessions by WorldCom and MCI to end the already protracted, but still continuing, delay in the regulatory process. MCI agreed to a broader divestiture of its Internet business that included not only the backbone business but also its retail business — retail as well as wholesale customer relationships, and the network and other assets used to provide Internet services to all customers. MCI also agreed to sell its entire Internet business to a buyer that met the same three criteria that applied in connection with the backbone divestiture. First, the buyer would need unquestionable ability to operate the Internet business, to retain and attract customers, and continue the business as a healthy, growing enterprise. Second, the buyer would not create any new regulatory issues that could delay approval and thereby defeat the primary goal of the divestiture. In particular, DOJ indicated that a sale to certain major providers of Internet backbone services would raise significant concentration questions and jeopardize the approval process. Third, the buyer had to be financially viable and had to meet the financial requirements of purchasing such a business. In other words, the buyer could be neither too small nor too big.

THE DIVESTITURE

After considering proposals by several potential purchasers, MCI decided to enter into a new agreement with C&W. Like the initial transaction, this transaction will enable C&W, a global carrier with substantial world-wide Internet expertise, to expand its Internet business in the United States and around the world. C&W's global telecommunications revenues were $12 billion in its last fiscal year, and it has 17 million customers in over 70 countries. C&W has substantial experience and expertise in providing Internet services in the Pacific, the Caribbean, and Europe, and it operates a national backbone network in the United States providing transit, peering, and other services. In addition, C&W operates a national facilities-based long distance network that it uses to provide telecommunications services in the United States. C&W's U.S. operations generate over $1 billion in annual revenues, employ 2,300 workers, and serve over 100,000 business customers in all 50 states.

The terms of the divestiture are simple and straightforward.

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Second, MCI will transfer to C&W all of the more than 40 peering agreements to which MCI is a party. Where the agreement requires the peer's consent to an assignment, MCI will encourage the peer to consent. After C&W acquires the Internet business, it will be free to peer with any ISP on whatever terms it chooses. In addition,

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[5]Without any basis, Sprint and Simply Internet raised a question about whether the divestiture to C&W included all such Internet addresses. Sprint 10 n.7; Simply Internet 4 ("MCI will still be left with significant blocks of IP addresses"). Just like the initial sale to C&W, the new transaction with C&W includes all Internet addresses used in the Internet business that C&W is acquiring, whether or not a current customer utilizes a particular address (subject to consent by the Americas Registry for Internet Numbers).

C&W's current peering agreement with WorldCom will be extended on a long-term basis.[6]

Third, MCI will transfer to C&W MCI's contracts with ISPs, and C&W will replace MCI as the provider of backbone services to more than 1,300 domestic and international ISP customers that now obtain Internet access from MCI. This transaction should be operationally transparent to these ISPs. For international ISP customers, C&W will acquire rights to use not only the domestic portion of the backbone service but also (pursuant to a favorable two-year agreement with MCI) the international circuits and domestic backhaul facilities used to connect foreign ISPs to nodes on the U.S. backbone. The agreement protects C&W from competition by MCI WorldCom by precluding MCI WorldCom from soliciting or contracting with any of the transferred ISP customers to provide dedicated Internet access services for a period of two years, except that MCI WorldCom is permitted to continue to compete for such business of any ISP customer that purchases Internet services from WorldCom as of the closing.

Fourth, MCI will transfer to C&W its contracts with retail customers not only for Internet service, but also for web-hosting, managed firewall, and Real Broadcast Network

[6]BellSouth questioned whether the C&W divestiture involved a commitment by MCI WorldCom (as distinguished from MCI or WorldCom) to peer with C&W. BellSouth 2. Just as the initial C&W agreement committed MCI WorldCom to peer with C&W after the divestiture and the merger are completed, the new C&W agreement obligates MCI WorldCom to peer with C&W after the divestiture and the merger are completed.

services.[7] The agreement precludes MCI WorldCom from soliciting or contracting with transferred retail dedicated access customers to provide dedicated Internet access services for a period of eighteen months, or from soliciting web-hosting or firewall business from transferred customers of web-hosting and managed firewall services for a period of six months, unless WorldCom provides these services to the customer as of the closing. Even though no party contended that any relevant market included web-hosting, managed firewall, or other similar services, and even though customers frequently do not buy these services from the same company that supplies their Internet services, MCI agreed to include web-hosting, managed firewall, and Real Broadcast Network services in the business that C&W is acquiring. MCI agreed to allow C&W to use the MCI name for a specified period to identify the transferred backbone and business as "formerly the internetMCI backbone network" and/or "formerly the iMCI business."

Fifth, C&W will pay MCI a purchase price of $1.75 billion in cash at the time of closing. That price is generally consistent with (1) the reported prices paid by purchasers of other Internet providers during the last three years, ranging from two to six times annual revenues, (2) proposals made to MCI by other potential purchasers of the Internet business, and (3) an independent valuation of MCI's Internet business that MCI obtained

[7] MCI's web-hosting services include customized and turn-key hosting of corporate Internet sites. MCI's managed firewall services provide a secure connection across the public Internet for fixed sites and remote users. MCI's Real Broadcast Network service allows broadcasters, content providers and other customers to broadcast "live" and "on-demand" audio and video programming over the Internet to large audiences, and uses multicasting technology to place content closer to end users.

before agreeing to merge with WorldCom. MCI believes that the purchase price reflects the long-term, strategic value of MCI's Internet business to C&W.

The transaction is subject to only one remaining condition relating to the closing of the MCI WorldCom merger: if that merger does not proceed, MCI is not obligated to move forward with this transaction. FCC approval is not required for this divestiture because Internet services are unregulated and no transfer of any FCC licenses is involved — just as no FCC approval would be required if WorldCom and MCI were only ISPs merging their Internet businesses.

ANALYSIS

Even more completely and conclusively than the divestiture of MCI's Internet backbone business to C&W, the divestiture of MCI's entire Internet business to C&W wholly eliminates any competitive overlap between MCI's and WorldCom's Internet businesses and therefore completely resolves the concerns that third parties identified in comments filed earlier in this proceeding. After the divestiture, MCI WorldCom will have only those Internet assets, including the backbone network and customer relationships, that WorldCom has at the time of closing. The merger will not produce any increase in WorldCom's Internet market share, capacity, or customer base. With the divestiture to C&W, the same number of substantial independent Internet backbone providers and Internet service providers will exist after the merger that now exist before the merger. The difference is that C&W instead of MCI will own and operate one of them. To the extent that MCI WorldCom is able to increase its business after the merger in this rapidly growing marketplace, it will be because MCI WorldCom competes successfully on the merits with C&W and other ISPs. Moreover, in addition to the business of MCI's current ISP and retail customers, C&W will undoubtedly capture new business from both ISP and retail customers, building on its own existing base of domestic and international customers.

The divested business will be as viable after the divestiture under C&W's management as it is today under MCI's. Notably, in their comments on the initial C&W divestiture, no third party seriously questioned C&W's ability to operate an Internet backbone or the complementary strategic fit between MCI's backbone and C&W's domestic and international Internet and telecommunications business.[8]

The viability of the Internet business under C&W's management is further assured by the non-compete provisions. Although MCI must compete with WorldCom as well as several dozen other major backbone operators and thousands of ISPs to retain its existing customers and to serve their ever-growing Internet needs, C&W will be protected from competition in the provision of dedicated Internet access service by MCI WorldCom for the transferred customers during the specified periods after closing — 18 months for retail dedicated access customers, 24 months for ISP customers, and six months for purchasers of web-hosting and managed firewall services. Customers that currently purchase these services from WorldCom may continue to do so.

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[8]*See generally* Reply of Cable & Wireless plc, CC Docket No. 97-211 (filed June 16, 1998) ("June 16 C&W Reply").

The ISP and retail customers transferred to C&W will not automatically or mindlessly migrate back to MCI WorldCom after the non-compete provision expires. At that time, C&W will have at least as good an opportunity as MCI WorldCom (or GTE or any other ISP) to compete for the business of these customers. After all, these customers will have been customers of C&W for a substantial period of time, and 18-24 months is an extremely long time by Internet standards. Moreover, Internet customers routinely purchase Internet service from more than one ISP — they are "multi-homed" to two or more ISPs. For example, GTE supplies Internet service to customers that also buy Internet service from MCI. There is no reason why C&W would not compete successfully for the business of these customers after the expiration of the non-compete provision. Equally important, even if the retail dedicated access customers that MCI will transfer to C&W exercise their options in a free competitive market and choose MCI WorldCom over C&W in eighteen months when then non-compete expires, C&W will take advantage of the intervening time to build its own retail business. C&W has over 100,000 customers in the U.S. alone to which it currently sells Internet, data, and voice services. C&W's stated plan is to use the MCI backbone and associated revenue and traffic base to expand its U.S. presence, and also to attract more international business drawing on its extensive global presence with a world-wide customer base of 17 million.[9]

[9]June 16 C&W Reply, at 5-8.

Most of the objections that critics made of the divestiture of MCI's Internet backbone business to C&W simply do not apply to the divestiture of MCI's entire Internet business to C&W, and none of them has any validity.

The principal objection to the initial backbone divestiture to C&W was that it did not include MCI's retail Internet business. E.g., Sprint 3; AT&T 1, 3; BellSouth 3; CWA 6; ISP/C 2-3; Sprint 7-8. The sale of MCI's entire Internet business, including retail customer contracts for both dedicated and dial-up service, entirely moots that concern.

A few critics of the initial C&W transaction complained that the 50 employees that MCI would transfer to C&W were not enough to support the backbone business. GTE 30 n.86; BellSouth 3; AT&T 4. Although these contentions ignored the fact that C&W already has several hundred employees supporting its existing Internet business,[10] the new transaction gives C&W the right to transfer additional MCI employees — up to approximately one thousand more — to supplement its current personnel that provide Internet both in the United States and around the world.

Some critics will doubtless complain that C&W will be dependent on MCI WorldCom because it will have the option to lease long-distance transmission capacity from MCI WorldCom on competitive terms for a period of several years. E.g., GTE 33-34; Sprint 5; Simply Internet 3 ("MCI will sell absolutely zero of its fiber facilities, which is the heart of any Internet backbone . . ."). The heart of any Internet backbone is the

[10]June 16 C&W Reply, at 8.

routers, switches, and other hardware that contains the brains of the network, and *all* of the facilities and equipment dedicated to MCI's backbone network will be acquired by C&W. Fiber networks, in contrast, are not dedicated to any one kind of service and generally carry a variety of services — Internet and non-Internet, data and voice — and ISPs frequently lease transmission capacity on fiber networks that carry other kinds of traffic as well. As GTE's expert observes, Internet traffic accounts for only a "fraction" of national transport capacity, and a number of existing carriers can supply this demand.[11] Thus, to the extent that C&W purchases capacity on MCI's long-distance network (at negotiated competitive rates), it is no more dependent on MCI than numerous other backbone providers are on long-distance companies from which they buy long-haul fiber capacity. GTE/BBN itself purchased transmission capacity from unaffiliated providers that also provided Internet service, and it never suggested that its ability to provide Internet service was therefore compromised.

Of course, C&W has the same right as GTE or any other backbone provider to self-supply transmission capacity, or to use the transmission capacity of a provider other than MCI. The transaction is structured to facilitate C&W's ability to move traffic onto other facilities if it so chooses. Nothing prevents C&W from purchasing from other providers or from supplying itself any of the services it has the right to buy from MCI on

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[11]Long-Distance Reply Affidavit of Robert G. Harris, ¶ 51, Appendix 1 to Renewed Motion to Dismiss or Deny of GTE, CC Docket No. 97-211 (filed June 11, 1998).

competitive terms. C&W may purchase transmission capacity from MCI after the divestiture, but that will make it no different from many other backbone operators (such as GTE) that lease transmission capacity used in their backbones from competing telecommunications companies.

The opponents of the merger also complained that the $625 million cash purchase price that C&W initially agreed to pay for MCI's backbone business was too small and reflected the fact that the transaction did not include MCI's retail customer contracts. GTE 36; CWA 4-6.[12] The $1.75 billion purchase price reflects not only the inclusion of retail contracts, but also the long-term, strategic value of MCI's entire Internet business as a going concern.

Alone among the critics, GTE contended in its comments that only a divestiture of UUNET could resolve the Internet-related concerns raised by the merger. GTE 30-31. Notably, the other commenters disagreed, acknowledging that a divestiture of either MCI's or WorldCom's backbone business would be sufficient. ISP/C 4; CWA 1; Sprint 2. In fact, until just recently, GTE itself took the contrary position: "If either MCI or WorldCom gets rid of their Internet backbone, we won't object to this merger on this

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[12]This criticism of the $625 million price that MCI obtained for its backbone business was invalid. That was a fair price for MCI's backbone business and was generally consistent with (1) the reported prices paid by purchasers of other Internet providers during the last three years, ranging from two to six times annual revenues, (2) the offers made to MCI by other potential purchasers of the backbone, and (3) an independent valuation of MCI's Internet business that MCI obtained before agreeing to merge with WorldCom.

issue."[13] Now that MCI has done what GTE then said was necessary, GTE has upped its demands. GTE's position reflects nothing more than its implacable determination to try to delay and defeat the MCI-WorldCom merger at any cost to American consumers, to competition, and to principle. It is no surprise that DOJ, the EC, and every other critic of the merger rejected this insupportable position.

In any event, it should be obvious that a divestiture of *either* Internet business would maintain the pre-merger status quo, and eliminate any overlap between the two companies with respect to the Internet. As explained above, C&W has the means, motive, and opportunity to be a successful Internet provider. The agreement with C&W ensures that it will have the tools it needs to operate the current MCI Internet business effectively and to retain existing customers and attract new ones. DOJ accepted the divestiture on this basis.

CWA alone claims that WorldCom should be forced to divest two Network Access Points ("NAPs") in addition to MCI's or WorldCom's Internet business. CWA 1-2. However, no other commenter joins this demand, and for good reason — the merger does not produce any increase in concentration in ownership of NAPs because MCI does not own or operate any NAP. With divestiture of MCI's Internet business, MCI WorldCom will have no greater presence as a provider of Internet services or NAP services than WorldCom does today pre-merger.

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[13]"GTE Files Antitrust Lawsuit Against WorldCom," Internet Week, May 11, 1998 (quoting Bob Bishop, GTE spokesman).

Finally, several commenters contend that MCI's filing about the initial C&W transaction provided inadequate information about the divestiture of its backbone business and that MCI should be required to provide its agreement with C&W and related documents for review by these parties subject to the confidentiality order. *E.g.*, Sprint 1; Bell Atlantic 2; BellSouth 2. MCI has disclosed all of the material terms of the initial and new agreements with C&W, and it has provided more than enough information for the Commission and third parties to evaluate the sufficiency of the current transaction to resolve the Internet-related concerns that have been raised about the MCI WorldCom merger. Furthermore, no third party can or does dispute that C&W is a substantial company capable of operating a viable, successful Internet business, and DOJ comprehensively reviewed the sufficiency and details of the divestiture. Moreover, the commercial details of the transaction are competitively sensitive, and the parties seeking this information would be competitors of C&W in the Internet business. For all of these reasons, no further disclosure of information is necessary or appropriate.

CONCLUSION

The full divestiture of MCI's entire Internet business should clear the way to speedy approval of the MCI-WorldCom merger. This merger will enable WorldCom and MCI to combine their complementary strengths in local markets and help them to compete more effectively and efficiently against the incumbent local telephone monopolies like GTE that still control over 98% of the local telephone markets. Delay in approving the merger means delay in divestiture of MCI's Internet business, and prolonging customer and employee uncertainty would not further DOJ's and the EC's stated goals for the divestiture. It is strongly in the public interest both for the Commission to approve the merger and to do so forthwith.

Respectfully submitted,

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July 15, 1998

CERTIFICATE OF SERVICE

I, Vivian I. Lee, hereby certify that on July 15, 1998 copies of the foregoing Reply Comments of MCI Concerning Divestiture of Its Internet Business was sent by first class mail, postage prepaid, to the following:

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